

STATE OF IDAHO TAX UPDATE

VOLUME TWELVE – NUMBER TWO

SEPTEMBER 2000



This issue of TAX UPDATE explains more of the new tax laws passed by the 2000 Idaho Legislature. Other law changes were discussed in the June issue. If you have questions about the material here, or if you need more information, contact any Idaho State Tax Commission office listed on the back of this newsletter.

New Tax Laws

New Telefile Program for Sales Tax and Withholding



Would you like to file your sales tax return by telephone? How about phoning in your Idaho withholding payment?

Well, now you can — 24 hours a day, any day of the week. The Idaho State Tax Commission now offers free *Telefile* service for sales tax returns and withholding returns or monthly payments. You may pay by any of these methods:

- Using your MasterCard or VISA (without a service fee)
- Direct payment using our free **STEPS** program (*State Tax Electronic Payment System*)
- Pay later by check or through direct payment with a financial institution of your choice. Just be sure to pay by the due date.

If you choose our **STEPS** program, you must first register to obtain your PIN. Call us at 1-800-972-7660 to obtain the **STEPS** guide, or download it from our Web site at www2.state.id.us/tax/forms_misc.htm.

Once you've decided your method of payment, it is as easy as calling **1-888-952-6311**. The call is toll free, and you will be prompted to fill in the blanks just as you would on your regular paper return or payment coupon.

In addition to the free Telefile service, the Tax Commission also accepts electronic returns from approved private vendors. For more information on electronic filing using Telefile or the Internet, call (208) 332-6632, send an e-mail to efilehelp@tax.state.id.us, or log on to www2.state.id.us/tax/filing.htm.

Idaho Adds College Savings Deduction

An individual who contributes to a qualifying college savings program for a family member can deduct up to \$4,000 in contributions on next year's Idaho income tax return. This new law is designed to encourage savings in a college fund.

A special board has been created to set up the program. Financial institutions will soon have accounts available.

Under Internal Revenue Code Section 529, the fund will grow tax deferred (from state and federal income tax) until withdrawals are made by the beneficiary for post-secondary education at an accredited college, university or professional-technical school. (*House Bill 627, effective January 1, 2000.*)

Other State's Adjustments May Require Notice

Starting July 1, 2000, taxpayers must send written notice to the Commission if an adjustment is made to another state's return that affects the credit claimed for taxes paid to another state on their Idaho return.

The new law provides an extended time period (statute of limitations) for taxpayers to apply for a refund of overpaid Idaho

taxes resulting from another state's determination. The new period is the later of these dates:

- Three years from the date the original Idaho return was filed or due, or
- One year from the date the adjustment became final under the laws of the other state.

The statute of limitations is also

extended for the Idaho State Tax Commission to issue tax due notices (deficiencies). The new period is the later of three years from the date the original Idaho return was filed or due, or one year from the date the required written notice is received from the taxpayer. (*House Bill 457, Effective July 1, 2000.*)

\$2,500 Credit Offered to Fuel Distributors



The State Tax Commission is offering licensed motor fuel distributors a one-time tax credit of \$2,500 for filing and paying their future motor fuels tax returns electronically.

To qualify, a distributor must have filed fuels tax returns for the prior six months that report receiving an average of more than 50,000 gallons of fuel each month.

Distributors must receive approval from the State Tax Commission to participate. *(House Bill 491, Effective July 1, 2000.)*

Income Tax Credits Expanded

Substance abuse centers licensed by the Idaho Department of Health and Welfare have been added to the list of nonprofits that qualify donors for an Idaho income tax credit. There are currently 30 such centers in Idaho.

The maximum tax credit for contributions made to qualifying charities is \$100 for individuals and \$500 for corporations. *(House Bill 651, effective January 1, 2000.)*

HAS YOUR ADDRESS CHANGED?

If so, please let us know. Write to: TAX UPDATE, Public Information Office, Idaho State Tax Commission, Box 36, Boise, ID 83722

Project Revamps Tax Management System

The Tax Commission is involved in a multi-year project to replace the agency's outdated computer data system with one using up-to-date technology. The CATS (Convert All Tax Systems) Project will be completed by July 1, 2002.

What does this mean to you? With the Tax Commission's new system in place, we can offer better service. We will be able to provide taxpayers with customized information faster than ever. And lawmakers will get the data they need to make sound decisions on tax issues.

While the CATS project is under way, our service to you will be uninterrupted. We will keep you posted on our progress.

Where To Get Information

If you would like to know more about Idaho state taxes, call the Idaho State Tax Commission toll free at **1-800-972-7660** or contact any of the offices listed below:

Boise

800 Park Blvd., Plaza IV
(208) 334-7660

Pocatello

611 Wilson St., Suite 5
(208) 236-6244

Twin Falls

1038 Blue Lakes Blvd. N, Suite C
(208) 736-3040

Coeur d'Alene

1910 Northwest Blvd.,
Suite 100
(208) 769-1500

Lewiston

1118 F Street
(208) 799-3491

Idaho Falls

150 Shoup Ave., Suite 16
(208) 525-7116



HEARING IMPAIRED CALLERS:

Use the Idaho Relay Service (1-800-377-3529) to reach any Tax Commission office listed above.

Costs associated with this publication are available from the Idaho State Tax Commission in accordance with Section 60-202, Idaho Code.

TAX UPDATE is published quarterly and mailed to all sales and use tax account holders with their tax return forms. Unless otherwise noted, information in TAX UPDATE applies only to Idaho taxes. This newsletter is designed to provide general information only, and is not intended to offer comprehensive explanations of Idaho tax laws and rules. Specific questions should be addressed to the nearest State Tax Commission office. Comments about TAX UPDATE and suggestions for future issues should be sent to:

TAX UPDATE Editor
Public Information Office
State Tax Commission
P.O. Box 36
Boise, ID 83722



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This issue of Tax Update deals mainly with:
MORE NEW TAX LAWS

IDAHO STATE TAX COMMISSION

P.O. Box 36
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